

IRS ISSUES SUMMER STATISTICS OF INCOME BULLETIN

WASHINGTON -- Pre-tax profits reported on the 4.6 million corporation income tax returns for Tax Year 1996 reached \$806.5 billion, according to statistics released by the Internal Revenue Service. This was 13 percent more than for 1995. Net income without regard to losses increased to \$986.8 billion, while net losses increased to \$180.3 billion. Profits of the 8,200 returns of corporations with total assets of \$250 million or more accounted for 80 percent of the total. Income tax before credits grew 13 percent to \$223.7 billion, while tax after credits, the amount payable to the U.S. Government, grew nine percent to \$170.6 billion. These data are included in the Summer 1999 issue of the quarterly *Statistics of Income Bulletin*, just published.

A second article on corporations notes that for Tax Year 1995, the 353 U.S. possessions corporations claimed possessions tax credits totaling \$3.1 billion. While the number of these corporations declined 11 percent from 1993, the last year for which statistics were compiled, and the credit dropped 33 percent, the U.S. income tax after credits these corporations reported increased dramatically from \$31.7 million to \$1.5 billion. Companies operating in Puerto Rico accounted for nearly all of the credit claimed. Most of the companies were manufacturers, especially of pharmaceuticals.

A third article reports that for 1996, there were 0.3 million qualifying U.S. taxpayers living or working abroad with \$21.1 billion in foreign-earned income. This income was used to compute the foreign-earned income exclusion from adjusted gross income. The 1996 amount reflected, in large part, growth in income from Asian sources, especially from Hong Kong, Singapore, and China. As a result, taxpayers were able to exclude \$12.1 billion of income, plus \$1.9 billion for certain employer-provided foreign housing costs, from U.S. taxation. Meanwhile, the foreign-source gross income reported by the 2.1 million taxpayers in computing foreign tax credits against U.S. income tax grew to \$29.1 billion, with credits increasing to \$3.5 billion. Here, also, the growth in income earned in Asian countries was particularly evident.

Another article reports that the 1997 profits of the nation's 19.2 million nonfarm sole proprietorships grew almost six percent over 1996 to \$186.6 billion. Industry-wise, services remained the largest industrial division, with 34 percent of the gross receipts and 57 percent of the profits.

(more)

A fifth article indicates there were 78,000 Federal estate tax returns filed for 1995 decedents. Gross estate totaled \$136.1 billion and the estate tax, \$14.3 billion. Average gross estate was \$1.7 million. Investments in corporate stock represented the largest share of portfolios of both male and female decedents, with bonds, primarily tax-exempt state and local government obligations, representing the second largest share of portfolios of women, and real estate, the second largest share of portfolios of men. Distributable assets amounted to \$108.3 billion. Nine percent was bequeathed to charities, 38 percent to surviving spouses and 53 percent to children and other individuals.

A sixth article reviews the status of tax-exempt private activity state and local government bonds from 1988 through 1995. The volume of these bonds issued during this period totaled \$441.8 billion.

The final article reviews excise taxes repealed or expired in recent years. These include the crude oil windfall profit tax and environmental taxes, plus most luxury taxes. Over time, these taxes generated over \$90 billion in revenue. Only the luxury tax on expensive automobiles survives. In Fiscal Year (FY) 1998, these three taxes totaled \$570 million, mostly because of the automobile tax. They accounted for about one percent of the \$59.2 billion total in excise taxes collected by the Treasury Department in FY 1998.

The *Bulletin* also includes historical data on tax collections and refunds, by type of tax. Income, deduction and tax data are also presented for returns filed by individuals, corporations and unincorporated businesses, with selected data also presented for estates. Projections of tax returns to be filed are also included.

The *Statistics of Income Bulletin* is available from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. The annual subscription is \$30 (\$37.50 foreign); single issues cost \$19 (\$23.75 foreign). For more information about these data, write the Director, Statistics of Income (SOI) Division OP:RS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608; check the World Wide Web at www.irs.gov; or telephone the SOI statistical information services office at (202) 874-0410 (by e-mail, sis@soi.irs.gov, by fax (202) 874-0964).

X X X

Editor's note: See attached Statistics of Income Bulletin order form.